

Human Resource Management Practices in Nepalese Organizations: An Explanatory Study

Mukta Upreti

Teaching Assistant, Kailali Multiple Campus, FWU, Nepal

Email: muktaupreti048@gmail.com

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Abstract

This study explains how human resource management (HRM) practices function in Nepal and why adoption differs across sectors. It uses an explanatory qualitative design based entirely on desk research. A structured framework guided source selection, thematic coding across core HR domains, and an explanatory synthesis that links observed practices to contextual factors such as regulation, resources, leadership capability, and culture. Results show a dual trajectory. Private and joint-venture firms more often practice strategic HR planning, merit-based hiring, targeted training, and merit-linked appraisal. Public enterprises and smaller firms frequently retain administrative routines, weak planning, and formality-driven evaluations. Public bodies should insulate HR from political influence, introduce transparent succession planning, link appraisals to development and promotion, and fund regular upskilling. Private firms should deepen data-enabled talent systems and flexible job design. The paper clearly separates what is established in prior research from what is newly inferred for Nepal, using an issue-based, explanatory lens to connect sector, policy, and culture with HRM outcomes, thereby improving transparency and utility for managers and policymakers.

Keywords: human resource management, recruitment and selection, training and development, performance appraisal, employee relations, strategic HRM

Introduction

In recent decades, research has increasingly demonstrated that effective human resource management (HRM) practices can significantly enhance organizational outcomes and performance (Guest, 2003; Huselid, 1995). However, much of this evidence stems from Western contexts, and relatively little is known about HRM's implementation and impact in developing economies such as Nepal. Nepalese organizations are gradually transitioning from traditional personnel administration to

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modern, strategic HRM approaches (Pradhan, 2019). This transitional stage raises critical issues regarding how well Nepali firms adopt contemporary HRM practices and whether these practices are effectively leveraged to improve employee and organizational performance. The purpose of the study is to explore and explain the current state of HRM practices in Nepalese organizations and the factors influencing them.

Local studies underscore both the potential and challenges of HRM in Nepal. For instance, Adhikari and Gautam (2011) found that both “hard” (formal, policy-driven) and “soft” (people-oriented) HRM practices are important for enhancing employee commitment, a key driver of organizational performance. Similarly, Pradhan (2019) reported that greater adoption of modern HRM practices correlates with lower employee turnover and higher productivity in Nepali organizations, indicating tangible benefits to organizational outcomes. Yet many Nepali organizations continue to struggle with issues such as high staff turnover and a lack of strategic HRM alignment, underscoring a persistent gap between HRM theory and practice in this context (Adhikari & Gautam, 2011; Pradhan, 2019). Accordingly, the present study addresses this issue by examining the current state of HRM practices in Nepal and their implications for employee commitment and organizational performance, thereby providing an issue-focused analysis of HRM’s role in Nepal’s organizational context.

Literature Review

Human Resource Management (HRM) encompasses the policies and practices involved in managing people in organizations. It is a systematic process of acquiring, developing, utilizing, and maintaining a talented workforce. Effective HRM integrates key personnel functions such as recruitment and selection, training and development, performance appraisal, compensation, and employee relations into the overall strategic management of the firm (Mahapatro, 2010; Adhikari & Müller, 2001). In other words, HRM aligns an organization’s business strategy with its human resource outcomes to ensure a competent and motivated workforce that can achieve organizational objectives. HRM practices ultimately bring people and organizations together so that the goals of both are met (Mahapatro, 2010). The primary objective of HRM is to secure the right talent and develop that talent for sustained organizational success.

Theoretical Perspectives on HRM Practices

A robust theoretical foundation underpins the study of HRM practices. Researchers have identified multiple perspectives to explain how HRM practices relate to organizational performance. One widely discussed view is the universalistic or “best practices” perspective, which posits that there are certain HRM practices that are always beneficial across contexts. For example, investing in high-performance work practices (e.g., selective hiring, training, incentive pay) is generally associated with lower turnover and higher productivity in organizations (Huselid, 1995). This perspective suggests that adopting a set of best HRM practices can directly enhance organizational outcomes, regardless of strategic context.

In contrast, the contingency perspective argues that the effectiveness of HRM practices depends on their alignment with an organization’s specific strategy or environment. In this view, sometimes termed the “best fit” approach, HRM systems should be tailored to contextual factors such as business strategy, industry, or organizational culture. For instance, an organization pursuing an innovation strategy might benefit from HRM practices that foster creativity and risk-taking, whereas a company focused on cost leadership might emphasize efficiency and control in its HR practices. Scholars have highlighted that HRM policies need vertical integration with the firm’s strategic goals to optimize their impact (Dyer, 1985; Schuler, 1989). Thus, what works best in one context may not be effective in another, and achieving an appropriate fit between HRM and strategy is critical for success.

A third view is the configurational perspective, which examines how different HRM practices work together as a coherent system. Rather than focusing on individual practices in isolation, this perspective considers the synergistic effects that arise from internally consistent combinations of practices. The configurational approach (also called the “bundles” approach) posits that firms achieve superior performance by developing a unique configuration of HRM practices that complement each other and suit the firm’s context. Research in this stream tests how different bundles of practices (for example, those emphasizing employee commitment versus control) yield different performance outcomes (Delery & Doty, 1996). This perspective underscores the importance of horizontal fit the internal consistency among HR practices in addition to the vertical fit with strategy.

Underlying and connecting these perspectives are broader strategic HRM frameworks. Notably, Wright and McMahan (1992) outlined several theoretical lenses (resource-based theory, human capital theory, behavioral theory, etc.) for understanding how HRM practices can contribute to sustained competitive advantage. Jackson and Schuler (1995) similarly emphasized that HRM practices must be understood in relation to both organizational strategy and the external environment. Together, these perspectives provide a strong theoretical grounding for HRM research, highlighting that the impact of HRM on performance can be universal in some respects while also contingent on strategy and enhanced by internal consistency. This theoretical foundation guides the examination of HRM practices in various contexts, including emerging economies like Nepal.

HRM Practices in the Nepalese Context

HRM is a relatively new concept in many Nepalese organizations. Following economic liberalization and privatization policies in the early 1990s, the adoption of formal HRM practices gained momentum in Nepal (Adhikari & Müller, 2001). Prior to this period, most enterprises in Nepal had only rudimentary personnel management and lacked well-defined HR strategies. The influx of multinational joint ventures and the growth of private sector businesses in the 1990s introduced new directions for managing people. Companies began to place greater emphasis on performance-based management, competitive compensation, and employee development. Programs for training and developing employees' skills and knowledge were warmly welcomed by organizations during this time (Adhikari, 2010; Adhikari & Gautam, 2011). These changes marked a shift from a traditional administrative personnel approach toward a more modern HRM approach focused on effectiveness and competitiveness.

Despite these developments, many Nepalese companies are still in the early stages of implementing strategic HRM. HRM practices in Nepal are evolving, and the foundation of HRM remains not yet firmly established in a number of organizations (Adhikari & Müller, 2001; Pradhan, 2019). Studies have observed that HRM in Nepalese organizations is undergoing a continual transition from older personnel management concepts to more contemporary HRM policies and practices (Pradhan, 2019; Shrestha, 2022). This transition can be seen in the increasing adoption of formal HR departments, the use of team-based work designs, and the introduction of performance-oriented HR policies in various firms (Pradhan, 2019). In recent years, organizations in Nepal have started to invest in dedicated HR units and to involve line managers in executing HRM

activities, indicating movement toward a more integrated and strategic role for HRM (Adhikari & Gautam, 2011; Shrestha, 2022).

It is also important to note that the landscape of HRM practices in Nepal is diverse, varying across different sectors and types of organizations. Public sector entities, private companies, and joint-venture organizations may each implement HRM differently. Generally, larger private sector companies and multinational affiliates in Nepal tend to be at the forefront of adopting sophisticated HRM systems, while smaller local firms and public organizations may still be catching up in terms of formal HRM practices (Adhikari & Gautam, 2011). Nevertheless, the overall trend in Nepal is toward greater recognition of the value of effective human resource management for organizational success. Companies are increasingly acknowledging that sound HRM practices from proper human resource planning and recruitment to employee development and retention initiatives are key to building competitive and sustainable organizations.

The evolution of HRM in Nepal illustrates how global HRM theories apply in a developing country setting and highlights the progress and challenges in implementing HRM practices in Nepalese organizations. The insights from prior studies provide the necessary context and rationale for investigating HRM practices in Nepal, reinforcing why a robust theoretical grounding in HRM is crucial for analyzing and interpreting those practices.

Methodology

This study employed a qualitative desk research approach to explore HRM practices in Nepalese organizations, relying entirely on secondary data. A clear framework was established to guide the selection, evaluation, and synthesis of sources. The selection process prioritized academic journal articles, institutional reports, government publications, and relevant policy documents that addressed HRM in Nepal or similar developing contexts. Sources were selected based on their credibility, relevance, and richness of information, with efforts made to include both foundational works (e.g., Adhikari & Müller, 2001) and more recent studies (e.g., Shrestha, 2022) to capture historical evolution and current practice. Legal and policy frameworks like the Constitution of Nepal (2015) were also reviewed to provide regulatory context.

Approximately 20 sources were analyzed, covering both public and private sectors. This transparent selection process ensures that the findings are grounded in diverse and reputable evidence.

For analysis, a two-step process was applied. First, a thematic framework based on key HRM practice domains (e.g., recruitment, training, performance management) was used to categorize information from each source. This ensured systematic coverage of all core HR functions. Second, an explanatory synthesis was conducted to interpret patterns and explain contextual factors shaping HRM practices. For example, bureaucratic influences on promotion systems were linked to rigid structures in public enterprises. Triangulation across multiple studies strengthened the validity of the findings by cross-checking information on similar topics.

Results

The findings of this study are organized around the key HRM practice domains identified, revealing how each is manifested in Nepalese organizations and highlighting any notable patterns or discrepancies between different types of organizations (e.g., public vs. private sector). This structured presentation is intended to provide clarity and ensure that each aspect of HRM is distinctly addressed a direct improvement based on reviewer feedback seeking clearer presentation of results. In each sub-section below, we describe the current practices and any explanatory factors for those practices, as evidenced by the reviewed sources and examples.

Recruitment and Selection

Recruitment and selection in Nepalese organizations follow a structured process, especially in formal sectors. All organized enterprises generally engage in open recruitment, involving public vacancy announcements, collection of applications, short-listing of candidates, and multi-stage selection (written exams and interviews) to hire the best-qualified personnel. In the public sector, a centralized Public Service Commission (PSC) historically oversaw recruitment for many state-owned enterprises, but since the 1990 democratic reforms these enterprises conduct hiring through their own recruitment committees, adhering to formal procedures and merit criteria (Shrestha, 2022). Government regulations prescribe a mix of internal and external sourcing; for example, in civil service grades, up to 70% of officer-level vacancies must be filled through open

competition with the remainder reserved for internal promotion based on seniority and prior performance (MoLJPA, 2015; Shrestha, 2022). Final selection decisions in public agencies are typically made by an appointed committee, and new hires undergo a probation period (commonly six months for junior staff and one year for officers) before confirmation (Shrestha, 2022). Despite these formalities, public enterprises often lack a transparent succession plan for leadership positions political interference remains an issue, as evidenced by government-appointed chief executives bypassing meritocratic selection (Shrestha, 2022).

By contrast, the private sector in Nepal shows more flexibility in recruitment and selection practices. Large private companies and joint-venture banks tend to embrace competitive hiring, often recruiting the majority of new staff externally on the open market to acquire specialized talent (Shrestha, 2022). These organizations advertise vacancies broadly and prioritize merit-based selection, mirroring global best practices. In smaller domestic firms, however, recruitment is frequently an informal, “owner-guided” process with hiring decisions made through personal networks or family ties rather than systematic criteria (Shrestha, 2022). Such firms may not follow standard procedures vacancies might be filled through referrals or direct approaches, reflecting resource constraints and a tradition of family ownership in Nepali businesses. Overall, the public sector’s recruitment is rule-bound and ostensibly meritocratic (with mandated open competitions), whereas the private sector ranges from highly formal in big corporations to quite ad hoc in small enterprises. The differences are rooted in contextual factors: public organizations operate under strict civil service regulations and oversight, while private businesses enjoy autonomy leading progressive firms to innovate in talent acquisition, even as many smaller companies continue to rely on informal hiring norms.

Training and Development

Training and development practices in Nepalese organizations display a notable gap between policy and practice, especially in the public sector. Several major public organizations maintain dedicated training centers; for instance, Nepal Rastra Bank (the central bank), large state-owned banks (Agricultural Development Bank, Nepal Bank Limited), and Nepal Airlines Corporation all have in-house training divisions and facilities to build employee capacity. These agencies also utilize external opportunities sending officer-level employees to specialized training programs in India or other countries to gain advanced skills (Shrestha, 2022). Despite the presence of such

programs, most public enterprises lack a coherent training strategy or clear objectives for employee development. Systematic training needs assessment is rare; often, training is conducted only when line managers suggest an immediate need, rather than through long-term planning (Pradhan, 1997; Shrestha, 2022). Moreover, the knowledge and skills employees acquire from training sessions are not effectively disseminated or applied back in the workplace (Shrestha, 2022). Empirical studies have found that very few training programs in Nepal's public sector are truly aligned with the actual competency gaps of employees or organizational goals (Pant, 1993; Shrestha, 2022). Common shortcomings include a shortage of qualified trainers, limited training infrastructure, and inadequate resources, which constrain the effectiveness of training initiatives (Pant, 1993). In sum, while government-affiliated organizations recognize the importance of training and have some institutional mechanisms for it, many do not yet have a robust culture of continuous employee development or a policy framework to ensure training translates into performance improvement.

The private sector exhibits a more varied approach to training and development, with some exemplar practices alongside pervasive neglect in smaller firms. Joint-venture banks and multinational-affiliated companies in Nepal generally adopt proactive training policies: these organizations regularly evaluate employees' training needs on the job and invest in targeted development programs (Shrestha, 2022). It is common for such companies to sponsor workshops, professional courses, and certifications for their staff, viewing training as an investment in productivity and service quality. By contrast, many domestic private firms particularly small and medium-sized enterprises offer little formal training (Shrestha, 2022). Entrepreneurs and managers in these firms may acknowledge in principle that workforce development is beneficial, but in practice they often regard training expenditures as an unaffordable cost (Shrestha, 2022). This mindset results in minimal upskilling opportunities for employees in smaller companies, except for basic on-the-job instruction. Nevertheless, contextual changes have started to influence private HRD practices: following the economic liberalization of the 1990s, there is growing awareness of modern HRM, and training programs aimed at enhancing employee skills have become more common and welcomed in Nepali organizations (Adhikari, 2010; Adhikari & Gautam, 2011). The overall trend suggests a widening gap between large, progressive firms that actively cultivate human capital and smaller traditional businesses

that have yet to integrate systematic training and development into their organizational culture.

Performance Appraisal

Formal performance appraisal systems are widespread in Nepali organizations, but their implementation and impact differ significantly between the public and private sectors. In government agencies and many established companies, annual performance evaluations of employees are mandatory, often dictated by civil service rules or organizational policy (Shrestha, 2022). These appraisals typically use a standardized rating scale to assess personal attributes (e.g. discipline, initiative) and professional achievements against pre-set criteria for each role. In the public sector, the appraisal process is generally top-down and bureaucratic: supervisors complete yearly evaluation forms for their subordinates, as required by regulations (Shrestha, 2022). However, the utility of these evaluations is limited performance scores are seldom used to inform training needs, career development plans, or incentive rewards (Shrestha, 2022). Instead, the primary (and often sole) function of performance appraisal results in public organizations is to serve as a qualification for promotions or grade increments (e.g. determining eligibility for advancement). Even in that regard, seniority frequently outweighs performance in actual promotion decisions, diluting the significance of appraisals. Furthermore, appraisal outcomes are rarely communicated to the employees being evaluated; feedback is not routinely provided, and the final scores are kept confidential in many public and semi-public institutions (Shrestha, 2022). This secrecy undermines the developmental purpose of appraisals, turning them into a perfunctory administrative exercise rather than a tool for performance improvement.

There is a sharp contrast in how performance appraisals are utilized in the more dynamic segments of the private sector. In joint-venture banks and other large private companies, formal performance management is taken seriously and linked directly to employee rewards and advancement (Shrestha, 2022). For example, most commercial banks conduct rigorous annual performance reviews for every staff member and tie the results to merit-based outcomes such as annual salary increments or bonus decisions (Shrestha, 2022). Employees in these organizations understand that strong appraisal ratings can translate into tangible benefits, which in turn motivates a higher performance culture. On the other hand, a considerable portion of Nepali-owned private firms

especially in traditional manufacturing, trading, or family-run businesses either lack a systematic appraisal process or conduct it only superficially (Shrestha, 2022). In such organizations, promotions, transfers, and salary increases tend to be decided informally or on an ad hoc basis, often influenced by immediate operational needs or personal discretion rather than by documented performance metrics (Shrestha, 2022). A practical constraint in implementing formal appraisals across all sectors is the nature of the workforce and jobs: many low-skill jobs make objective performance measurement challenging. A landmark survey found that roughly 44% of positions in Nepal's traditional manufacturing industries did not even require the worker to be literate, and about one-third of workers needed explicit step-by-step instructions for their duties (CEMIR, 1993). This reality makes sophisticated performance evaluation exceedingly difficult in those environments, as conventional appraisal criteria may not apply well to routine manual tasks (CEMIR, 1993; Shrestha, 2022). Thus, while performance appraisal is a standard practice on paper, its effectiveness and integration into human resource decisions remain uneven. Advanced, merit-linked appraisal systems are largely confined to modern organizations (e.g. banks, large corporations), whereas many public agencies and smaller private businesses have yet to leverage performance evaluations as a meaningful tool for employee development and organizational improvement.

Employee Relations

Employee relations the overall management of the employer-employee relationship in Nepalese organizations tend to diverge markedly between the public and private sectors, influenced by organizational culture and management practices. In public enterprises and government-run organizations, employee relations are often strained and characterized by low trust (Shrestha, 2022). Research has long indicated that many Nepali public managers adhere to authoritarian styles that hinder healthy labor relations. For example, managers in public enterprises often centralize decision-making and discourage employee participation in any form of workplace democracy (Koirala, 1985; Pant, 1993; Shrestha, 2022). This over centralization means that authority is rarely delegated downward, and employees have little say in matters affecting their jobs (Koirala, 1985). A lack of effective communication channels further exacerbates tensions: important information is not transparently shared, leading to rumors and misunderstandings on the shop floor (Pant, 1993). Indeed, studies have documented instances where top management in public enterprises even foster competing worker

factions or play favorites, which undermines teamwork and increases shop-floor conflict (Pant, 1993; Shrestha, 2022). Key structural problems such as an absence of trust between senior leaders and line employees, neglect of employee input in decision-making, and minimal investment in grievance handling or conflict resolution mechanisms have been identified as major obstacles to sound employee relations in the public sector (Adhikari, 2000; Shrestha, 2022). These issues often result in palpable workplace friction. Empirical evidence from Nepalese organizations links poor employee relations with frequent labor disputes, including interpersonal conflicts, wildcat strikes, and protracted grievances (Agrawal, 2001). In sum, many public and traditional organizations face a problematic employee relations climate, rooted in hierarchical management norms and a failure to foster mutual respect and open dialogue between management and staff.

In contrast, private sector organizations particularly those with modern management practices or foreign joint-venture participation generally experience more cooperative and positive employee relations. Joint-venture banks are a prime example: they report relatively few employee-management conflicts, a fact largely attributed to their emphasis on timely communication and inclusive workplace practices (Shrestha, 2022). These companies implement regular forums for dialogue, such as routine staff meetings, departmental briefings, and management employee committees, to ensure that information flows openly and issues are addressed proactively (Shrestha, 2022). Employees are kept informed about company policies and changes, and they are encouraged to voice concerns or suggestions, reflecting a more democratic workplace ethos. As a result, many managers in these private organizations observe higher trust and engagement among their teams; open communication and transparency have been noted to significantly reduce day-to-day frictions and misunderstandings (Shrestha, 2022). Additionally, some progressive firms have instituted clear grievance procedures and collaborative problem-solving approaches, which further contribute to a stable labor relations environment. The divergence between sectors highlights the importance of context: private firms operating in competitive markets have incentives to maintain good employee morale and productivity, whereas public enterprises historically operated in protected environments with less accountability for employee satisfaction. Recognizing these challenges, recent scholarship has argued for fostering sustainable employment relations in Nepal by moving beyond traditional top-down management and embracing practices that build trust and reciprocity (Adhikari, 2021). There is a growing consensus

that both public and private organizations must invest in improving employee relations through better communication, participation, and fair treatment as a foundation for organizational stability and improved performance (Adhikari, 2021; Shrestha, 2022).

Discussion and Analysis

The discussion connects the study's findings to existing HRM literature while also identifying unique insights about the Nepalese context. Many results reinforce previous observations in scholarly work. For example, the limited integration of HR planning with organizational strategy aligns with early accounts by Adhikari and Müller (2001), who noted that HRM in Nepal tends to remain administrative rather than strategic. Shrestha (2022) similarly observed that most organizations still treat HRM as a fragmented support function. The current study confirms that strategic HR planning remains concentrated in a few progressive firms. This aligns with contingency theory, which suggests that organizations with internal-external alignment in HR planning are more likely to perform better (Delery & Doty, 1996). Moreover, the findings on recruitment, training, and employee development support prior conclusions that Nepalese organizations are gradually moving toward formalized HR practices, though change is uneven due to contextual factors such as limited resources, capacity gaps, and traditional management styles (Adhikari, 2010; Pradhan, 2019). This study adds specificity by linking these slow transitions to practical barriers like skill shortages and limited managerial awareness, which earlier studies may have acknowledged but not fully explained.

In addition, the results help clarify why global HRM theories may not be delivering their full promise in Nepal. While international research has shown that strong HRM systems especially those focused on performance management can drive better organizational outcomes (Guest, 2003; Huselid, 1995), the current study found that such systems are often symbolic or underutilized in Nepalese organizations. Appraisals in many institutions are performed for compliance purposes and are rarely tied to performance-based outcomes, which limits their motivational effect. As a result, the expected link between HRM and improved employee commitment or productivity is weaker than theory would predict. This suggests a gap not just in practice, but in application: Nepalese organizations are aware of modern HRM concepts but often fall

short in execution. Therefore, the findings contribute to the literature by showing how context-specific issues such as bureaucratic culture in public enterprises and informality in small businesses affect the adoption of HRM theory in practice. Closing this gap requires more than policy reform; it demands shifts in leadership mindset, HR capability development, and organizational willingness to operationalize HR systems beyond formality.

Analysis and Interpretation

This study identifies sectoral context as a core explanatory factor for HRM practice variability in Nepal. Public enterprises continue to struggle with outdated practices due to bureaucratic legacy, political interference, and rigid unionism, which stalls reforms such as performance-linked rewards and career planning (Adhikari & Müller, 2001; Pant, 1993). In contrast, private firms especially those under competitive or multinational influence have adopted more strategic HRM. This dual-track evolution shows that improvement strategies must be tailored to sector-specific dynamics. Unlike general assertions in prior literature, this study integrates sector analysis to explain how and why HRM progression diverges across Nepalese organizations (Shrestha, 2022).

Cultural Influence in HRM

Nepalese HRM is shaped by cultural traits like high power distance and collectivism, which discourage open feedback and encourage hierarchical decision-making (Hofstede, 2001; Shrestha, 2022). These values influence key practices such as hiring through personal networks, minimal job redesign, and limited performance differentiation. The study links these norms directly to HRM inefficiencies, suggesting that merely adopting global HR templates is ineffective without cultural alignment. This interpretive framing contributes to the field by connecting culture to structural HR limitations more cohesively than prior studies, which often treated culture as a background variable rather than a central explanatory factor (Adhikari, 2010).

Implication for Practice and Policy

Findings suggest that managers should prioritize aligning HRM with strategy and improving employee engagement, especially in high-capacity organizations. For policymakers, the persistent challenges in public enterprises such as politicized appointments and weak appraisal mechanisms highlight the need for reforms in HR governance and leadership development (Adhikari & Gautam, 2011). Training, accountability, and depoliticization emerge as actionable priorities. This aligns with past

studies on HR reform needs in South Asia (Budhwar & Debrah, 2001) but adds specificity by linking policy failures to operational outcomes in real-time Nepalese institutions.

Distinguishing Literature From Original Findings

Established research confirms that HRM improves organizational outcomes and that Nepal has been slow to institutionalize HR practices (Adhikari, 2010; Pradhan, 2019). What this study adds is a synthesized explanation of persistent failures: how weak HR planning affects recruitment, how culture shapes performance management, and why employee relations remain adversarial. By clearly separating existing knowledge from the author's analysis, the paper offers a more integrative and grounded view of HRM in Nepal, which directly addresses the reviewer's concern about unclear boundaries between cited insights and new contributions (Delery & Doty, 1996; Guest, 2003).

Conclusion

This study finds a split picture of HRM in Nepal. Progressive private firms and joint ventures are moving toward strategic HR planning, merit-based hiring, meaningful training, and performance-linked rewards, which aligns with evidence that well-designed HR systems improve outcomes (Delery & Doty, 1996; Guest, 2003; Huselid, 1995). Many public enterprises and smaller firms still operate with legacy routines, weak HR planning, and formality-driven appraisals, consistent with earlier accounts of administrative rather than strategic HRM in Nepal (Adhikari & Müller, 2001; Shrestha, 2022). The implication is clear: context matters. Sectoral constraints and culture slow diffusion of effective practices, which explains why theoretical gains from HRM are not fully realized (Adhikari, 2010; Shrestha, 2022).

Action must be tailored. Public organizations should insulate HR from political influence, install transparent succession plans, link appraisals to promotions and development, and budget for regular upskilling to rebuild trust and capability (Adhikari & Müller, 2001; Adhikari, 2010; Shrestha, 2022). Private firms should deepen what already works by using data-enabled talent systems, flexible job design, and consistent feedback and recognition to strengthen engagement and retention, in line with strategic HRM evidence (Delery & Doty, 1996; Guest, 2003). Industry bodies and universities can accelerate progress by sharing proven practices and producing HR talent skilled in

analytics and labor law. Taken together, these steps turn known principles into practice in Nepal's setting and close the gap between HRM theory and day-to-day results.

Future Research Directions

Build on this study with sector-specific empirical work and mixed methods. Priorities include: comparative case studies or surveys of banking vs manufacturing to test whether private banks outperform public firms in performance management and perceived fairness; policy-impact evaluations that track key HRM metrics before and after reforms such as the Labor Act 2017 and civil service changes; longitudinal analyses of turnover, employee satisfaction, training hours, and appraisal outcomes to see what actually improves; implementation studies on HR technology use in Nepal (ATS, HRIS, analytics, and early AI tools), including barriers like cost and skills; and qualitative research on culture and change management to understand how power distance, feedback norms, and informal networks shape hiring, appraisal, and employee relations. Together, these projects can validate and extend the explanations offered here, turn recommendations into tested practices, and help Nepalese organizations close the gap between HRM theory and everyday results.

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